

44-7-500

**GREATER LAPEER COUNTY UTILITIES AUTHORITY**

**Annual Financial Statements**

and

**Auditors' Report**

**June 30, 2004**

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Greater Lapeer County Utilities Authority		County Lapeer
Audit Date 6/30/04	Opinion Date 8/2/04	Date Accountant Report Submitted to State: 8/13/04		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government issued by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government* in Michigan as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable boxes for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL: 129/91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

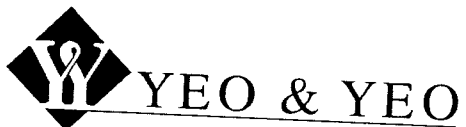
### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) Yeo & Yeo, P.C.			
Street Address 3023 Davenport		City Saginaw	State MI
Accountant Signature <i>Robert J. Yentner</i>		ZIP 48602	

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3023 Davenport  
Saginaw, MI 48602  
Phone (989) 793-9830 / (800) 968-0010  
Fax (989) 793-0186

## Independent Auditors' Report

Board of Trustees  
Greater Lapeer County Utilities Authority  
County of Lapeer  
State of Michigan

We have audited the statement of net assets of the Greater Lapeer County Utilities Authority as of June 30, 2004 and 2003 and the related statements of revenue, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Greater Lapeer County Utilities Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Greater Lapeer County Utilities Authority at June 30, 2004 and 2003, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the Authority has implemented a new reporting model as required by the provisions of the Government Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, as of July 1, 2003.

The Authority has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
August 2, 2004

# Greater Lapeer County Utilities Authority

## Statement of Net Assets

	June 30,	
	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
Cash		
Due from other governmental units	\$ 61,214	\$ 62,101
City of Lapeer		
City of Imlay City	145,188	140,946
City of Almont	98,957	90,489
Township of Mayfield	14,203	27,103
	<u>390</u>	<u>571</u>
Total assets	<u>319,952</u>	<u>321,210</u>
<b>Liabilities</b>		
Due to other governmental units		
Deposits	258,738	259,109
City of Lapeer		
City of Imlay City	36,400	36,400
	<u>16,500</u>	<u>16,500</u>
Total liabilities	<u>311,638</u>	<u>312,009</u>
<b>Net Assets</b>		
Unrestricted	<u>\$ 8,314</u>	<u>\$ 9,201</u>

See Accompanying Notes to Financial Statements

**Greater Lapeer County Utilities Authority**  
**Statement of Revenues, Expenses and Changes in Net Assets**

	Year Ended June 30,	
	2004	2003
Operating revenues		
Intergovernmental - local	\$ 1,568,943	\$ 1,439,887
Expenses		
Water purchased - City of Detroit	1,567,447	1,437,031
Legal and professional	2,825	2,733
Miscellaneous	66	7
Total expenses	1,570,338	1,439,771
Operating income (loss)	(1,395)	116
Nonoperating revenues		
Interest income	508	810
Increase (decrease) in net assets	(887)	926
Net assets, beginning of year	9,201	8,275
Net assets, end of year	\$ 8,314	\$ 9,201

See Accompanying Notes to Financial Statements

**Greater Lapeer County Utilities Authority**  
**Statement of Cash Flows**

	Year Ended June 30,	
	<u>2004</u>	<u>2003</u>
Cash flows from operating activities		
Intergovernmental receipts	\$ 1,569,314	\$ 1,404,691
Payment to suppliers	<u>(1,570,709)</u>	<u>(1,404,575)</u>
	<u>(1,395)</u>	<u>116</u>
Cash flows from investing activities		
Interest income	<u>508</u>	<u>810</u>
Net cash provided (used)	(887)	926
Cash, beginning of year	<u>62,101</u>	<u>61,175</u>
Cash, end of year	<u>\$ 61,214</u>	<u>\$ 62,101</u>
Reconciliation of net operating revenues (expenses) to net cash provided by (used by) operating activities:		
Operating income (loss)	\$ (1,395)	\$ 116
(Increase) decrease in Due from other governmental units	371	(35,196)
(Decrease) increase in Due to other governmental units	<u>(371)</u>	<u>35,196</u>
Net cash provided (used) by operating activities	<u>\$ (1,395)</u>	<u>\$ 116</u>

See Accompanying Notes to Financial Statements

**Greater Lapeer County Utilities Authority**  
**Notes to Financial Statements**  
**June 30, 2004**

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**NOTE 1 – DESCRIPTION OF THE ENTITY**

The Greater Lapeer County Utilities Authority was created to facilitate water services for municipalities in Lapeer County.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Greater Lapeer Utilities Authority conform to accounting principles generally accepted in the United States of America applicable to state and local governmental units. As allowed by Government Accounting Standards Board (GASB) Statement No. 20, the Authority has not elected to apply FASB statements and interpretations issued after November 30, 1989 to its financial statements.

The following significant policies were applied in the preparation of the accompanying financial statements:

(a) **THE REPORTING ENTITY**

In accordance with the provision of GASB Statement 14, certain other governmental organizations are not considered to be part of the Utilities Authority entity for financial reporting purposes. The criteria established by GASB for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, the financial statements of the various governmental organizations participating in the Authority are not included in the financial statements of the Utilities Authority.

(b) **BASIS OF PRESENTATION**

The financial activities of the Authority are recorded within one fund, categorized and described as follows:

**PROPRIETARY FUND**

Enterprise Fund – The enterprise fund reports operations that provide services, which are financed primarily by user charges.

The accrual basis of accounting is used to record transactions.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly actual results could differ from the estimates.

(c) **CASH AND CASH EQUIVALENTS**

For the purpose of the statement of cash flows, all highly liquid investments with a maturity of 90 days or less when purchased are considered to be cash equivalents.



**Greater Lapeer County Utilities Authority**  
**Notes to Financial Statements**  
**June 30, 2004**

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(d) DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units have been recognized for all significant amounts due to the Authority. Allowances for uncollectible accounts have not been provided because management does not consider collection doubtful, and feels that uncollected amounts would be immaterial.

(e) ACCOUNTING CHANGE

Effective July 1, 2003, the Authority implemented the provisions of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Changes to the financial statements as a result of the GASB 34 are as follows:

The comparative statement of cash flows was prepared using the direct method instead of the indirect cash flow method.

The financial statements for the year ended June 30, 2003 are presented for comparative purposes using the new presentation format.

NOTE 3 - CASH AND INVESTMENTS

At year end, bank deposits amounted to \$61,215 which were covered by federal depository insurance.

The above deposits complied with the State of Michigan Public Act 20 of 1943, as amended.